



Charlotte Business INClusion



Economic Development Committee Meeting

June 25, 2018

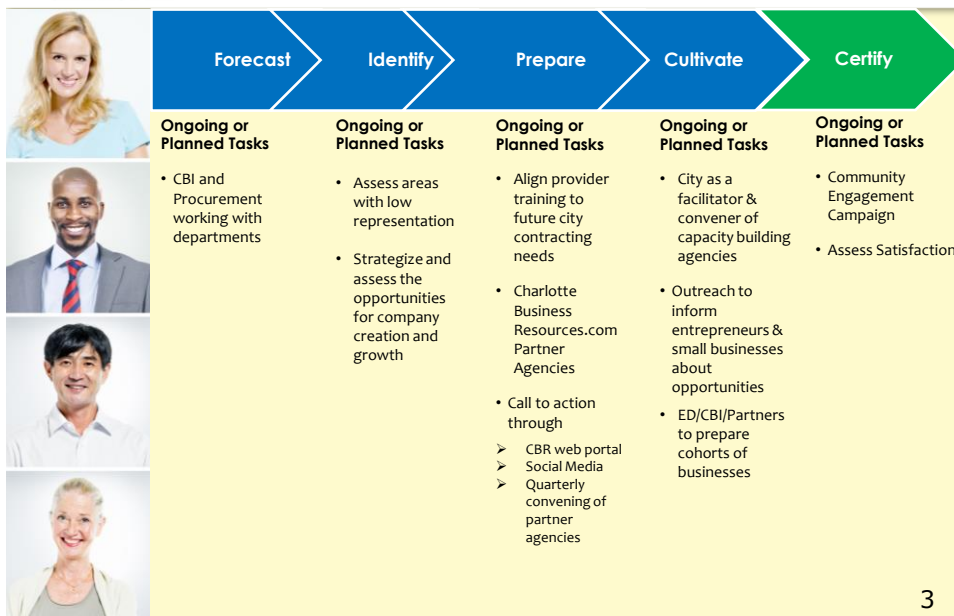


Agenda

- **Strategic Framework for Growing MWBEs**
 - Economic Development Strategy
 - Current and Upcoming CBI Engagement & Outreach Efforts
- **Good Faith Efforts**
 - Background
 - FY18 Analysis
 - Peer City Comparison (Nashville, Austin, Orlando)
- **FY18 Construction Subcontracting**
- **CBI Policy Geographic Area**
- **CBI Policy for Alternative Construction Agreements**



Capacity Building Strategy Economic Development and Charlotte Business Inclusion



Strategic Framework for Growing MWBEs





CBI Engagement & Outreach Efforts



New Initiatives Kicked-off in FY18:

- **Citywide Strategic Forecast and City Opportunity Pipeline Initiative**
 - Launched unprecedented effort to combine strategic procurement forecasting efforts across the City
- **AMP UP Charlotte**
 - Partnership with the NBA and Interise to utilize award-winning curriculum called "StreetWise 'MBA,'" to build MBE capacity
- **Procurement Advisory & Inclusion Council (PAIC)**
 - Comprised of City leaders who are helping shape City policies and procedures in support of citywide procurement inclusion efforts



FY19 Strategic Initiatives:

- **Community Engagement Campaign**
 - Launch marketing and communication initiative to communicate spend opportunities where there is currently low MWSBE availability
 - Create and publish enterprise spend forecasting schedule to communicate the City's upcoming procurement opportunities

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CBI Engagement & Outreach Efforts



Standing Initiatives:

- **Targeted MWSBE Recruitment**
 - Partner with City departments and community organizations to recruit new MWSBEs, particularly in work categories with low availability
- **Professional Association Outreach**
 - CBI staff participate in monthly partner meetings and events
 - Sponsorships: MWSBEs eligible for one-time sponsorships of \$100
- **Central Piedmont Community College**
 - MWSBEs eligible for up to \$300 in tuition assistance
- **Site Visit Outreach**
 - Construction project visits to monitor MWSBE participation and build stronger relationships with primes and MWSBEs
- **Job Estimating Education**
 - Provide job estimating and blueprint reading assistance to MWSBEs
- **Host Educational Workshops & Networking Events**
- **CBI Monthly Newsletter**



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Good Faith Efforts



- Good Faith Efforts (GFEs) are:
 - An adopted list of activities that are available to a bidder to demonstrate that the bidder has recruited and negotiated in good faith with interested subcontractors
 - A legally required component of most goal-based contracting programs
 - Most often incorporated within construction contracts
 - Only used when a bidder is unable to meet the established subcontracting goal(s) on a contract
- A bidder's failure to adequately document its GFE activity constitutes grounds for rejection of the bid

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Good Faith Efforts



- To implement a program with race and gender subcontracting goals, the City's policy must contain the 10 GFEs identified by the State of North Carolina
 - Each GFE must have a minimum value of 10 points
 - The minimum number of GFE Points the City can require is 50
- The City may develop documentation requirements, and can establish additional GFEs
- Review of GFEs is both qualitative and quantitative
- All actions necessary to earn GFEs must be performed prior to bid opening

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Good Faith Efforts

FY18 Analysis (as of 6/11/18)



- Of the 46 “hard bid” construction contracts awarded during FY 2018, a total of **9** (or 19%) were awarded through GFEs
- The table below highlights the GFEs claimed/awarded



Good Faith Efforts	Points	Frequency Claimed	Frequency Awarded
Contacts	10	100%	44%
Making Plans Available	10	100%	33%
Breaking Down Work	15	89%	44%
Working with MSBE Assistance Organization	10	44%	22%
Attendance at Pre-Bid	10	89%	78%
Bonding or Insurance Assistance	20	33%	22%
Negotiating in Good Faith	15	56%	22%
Financial Assistance	25	44%	22%
Entering into Joint Venture	20	0%	0%
Quick Pay Agreement	20	44%	33%

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Good Faith Efforts



Peer City Comparison

	Charlotte	Austin	Nashville	Orlando
Minimum Points Required to Earn GFEs	50	Not Used	Not Used	Not Used
Number of GFE Categories Scored	10	7 checklist items are considered	Not Used	Not Used
GFE Application	Quantitative and qualitative review of GFEs	Subjective review of GFE checklist	No goals established; GFEs do not apply	Subjective review of GFEs

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FY18 Construction Subcontracting

(as of June 11, 2018)



- A total of 46 “hard bid” construction contracts have been awarded totaling \$118.7M
- MSBE Subcontractor Commitments total \$24.7M
- 20.8% of construction contract dollars awarded were committed to MSBE subcontractors

Considerations:

1. Reduce GFE point sub-totals on GFE categories in order to increase level of efforts to recruit and negotiate with MWSBEs
2. Add additional GFE categories

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CBI Policy Geographic Area



- Only MWSBEs with a “Significant Business Presence” in the Charlotte Combined Statistical Area (CSA) can count towards subcontracting goals
- Factors in determining “Significant Business Presence:”
 - Office/headquarters in CSA
 - Number of full-time employees in CSA
 - Previous work/contracts in CSA
 - Percentage of income/revenue derived from CSA

Consideration: Expanding geography will increase availability of MWSBEs, and may generate additional use of MWSBEs outside of Charlotte CSA

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Alternative Construction Agreements



Applies to the following contracts:

- Construction Manager at Risk
- Infrastructure Reimbursement Agreements
- Design Build
- Public Private



- Qualification based selection of general contractor, design-builder, private developer.
- Requires CBI Manager and selected firm to establish MWSBE subcontracting goals after firm has been selected and create Participation Plan.
 - CBI Office establishes subcontracting goals for project using goal setting methodology.



Considerations:

1. Remove policy language that goals are "negotiated." By practice staff has consistently derived goals by formula and stuck to the goal.
2. Establish aspirational goal(s) for all RFPs/RFQs based off Disparity Study findings.



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Conclusion



- Many current and new initiatives are underway to increase MWSBE capacity and connect MWSBEs to City contracting opportunities



- Staff will undertake new strategic efforts to grow new MWSBEs in work categories where the City historically experiences few MWSBEs



- Key considerations:

1. Should the allowable number of GFE points in criteria sub-categories be reduced?
2. Should new GFE categories be added?
3. Should CBI geographic area be expanded?
4. For alternative construction agreements, should an aspirational goal be set, and should the word "negotiated" be removed?



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